



Board Summary Report

File #: 24-620

Agenda Date: 11/12/2024

Agenda #: 5.m.

To: Board of County Commissioners

Through: Michael Westerberg, Treasurer, Treasurer's Office

Prepared By:

Michael Westerberg, Treasurer, Treasurer's Office

Subject:

Ratification of Bond Purchase

Purpose and Request:

The Board of County Commissioners is requested to adopt a resolution ratifying a bond purchased by Treasurer Westerberg that was in the best interest of the County, technically met statutory requirements, but fell outside of previous authority given to the Treasurer by the Board.

Background and Discussion: Per the administrative discussion with the full Board on October 1, 2024, it was stated and discussed in detail that Treasurer Westerberg consented to the purchase, by his team, of a Treasury Bond with a remaining maturity date of five years and nine months. That maturity period, while not a technical or willful violation of the normal investment statute followed by the Treasurer (C.R.S. §24-75-601.1), does fall outside of the previously granted authority from the Board of County Commissioners to Treasurer Westerberg, per the Board's power as listed in C.R.S. § 24-75-601.1, and recorded in Board of County Commissioner's Resolution No. 24-134. The administrative discussion with the Board on October 1, 2024, contained discussion of the process Treasurer Westerberg followed in deciding if purchasing the bond in question was within the best interests of the County and Taxpayers. There was also discussion of the meaning of language in C.R.S. § 24-75-601.1, which there was some parsing and slight disagreement but none that was consequential. The Board agreed Treasurer Westerberg followed a good and proper procedure for this type of decision-even if a conclusion was reached the Board did not agree with-and that Treasurer Westerberg did not act with any recklessness, bad faith, or willfulness to violate Resolution No. 24-134. The Board agreed to draft a letter to Treasurer Westerberg encapsulating the matter, consider differing language to Resolution No. 24-134 in 2025 to avoid similar situations in the future, and approve of the bond purchase in question retrospectively.

Alternatives: The Board of County Commissioners could refuse to approve of the bond purchase in question.

Treasurer Westerberg agrees that such a decision would solidify that he did not have authority granted to him by the Board to purchase such a bond. The bond in question would then be sold as soon as was practicable back onto the market, potentially at a significant loss.

Fiscal Impact: The bond in question, if approved of by the Board, will generate coupon interest of more than \$1.7 million over the remaining holding period up to the maturity date of May 15, 2030. Par value of the bond is \$5 million and said bond was purchased at a premium of \$656,953.12. Non-approval of the purchase of the bond would force the bond to be sold back onto the market and sold at the fair market value. That fair market value is unknown but would likely be less than the \$5,656,953.12 total purchase price. That means the bond would likely be sold at a loss.

Alignment with Strategic Plan:

- Be fiscally sustainable
- Provide essential and mandated service
- Be community focused

Concurrence: The Board of County Commissioners has indicated their potential unanimous support for the approval of this bond purchase. No other parties, to my knowledge, outside of the Treasurer's Office have expressed any interest in this issue nor have an opinion concerning its approval.

Resolution: Attach a copy of the draft resolution.